
Tobin & Co.

Torch Lake Township

Antrim County, Michigan

Audit Report

For the Year Ended March 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1966, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Torch Lake Township	County Antrim
Fiscal Year End 3/31/07	Opinion Date 9/13/07	Date Audit Report Submitted to State 10/1/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

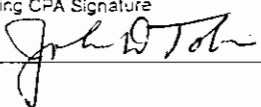
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Tobin & Co., P.C.		Telephone Number 231-947-0151	
Street Address 400 E. Eighth St.		City Traverse City	State MI
		Zip 49686	
Authorizing CPA Signature 		Printed Name JOHN D. TOBIN	License Number 1101005221

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Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4 - 5
------------------------------	-------

FINANCIAL SECTION

Accountant's Report	7
Management's Discussion and Analysis	8 - 11

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13

Governmental Funds:	
Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances	16

Fiduciary Funds	
Statement of Fiduciary Net Assets	17

Notes to Basic Financial Statements	18 - 23
-------------------------------------	---------

SUPPLEMENTAL DATA SECTION

Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
1 – General Fund	25 - 28
2 – Fire Fund	29
3 – EMS Fund	30

Non-major Governmental Funds:	
4 – Combining Balance Sheet – All Non-Major Funds	31
5 – Combined Statements of Revenues, Expenditures and Changes in Fund Balance – All Non-Major Funds	32

Other Supplementary Information:	
6 – Statement of Changes in Assets and Liabilities – Current Tax Collection Fund	33
7 – 2006 Property Tax Levy and Collection	34
8 – Statement of Revenues and Expenditures and Balance – Property Tax Administration Fees	35

INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements of Torch Lake Township, Antrim County, for the year ended March 31, 2007 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Torch Lake Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

The records were maintained in excellent condition by your present Clerk and Treasurer. Recorded revenues were deposited intact, journals and ledgers were properly posted, Board minutes were in good order, and supporting documents and follow-up procedures appeared to be in very good order. The efforts of these officials for 2006-2007 are commendable.

Budgets and Procedures

The Township prepared and formally adopted budgets for its General and Special Revenue Funds. No cost centers exceeded budgeted amounts. Records show that cost center budgets were closely monitored during the year.

Property Tax Collections

2006 property taxes collected were distributed to taxing units prior to the end of the fiscal year. This function was handled in an excellent manner by the Treasurer.

Schedule 7 reflects the amount levied, collected, and returned delinquent for the 2006 property tax levy.

Ambulance/EMS

The billing for ambulance/EMS services was not kept current during the year. The records are now in the process of being brought up-to-date. The breakdown appears to be the result of the former director not monitoring this activity. In the future, consideration should be given to having a Township Board member review the status of the billing and collection process to assume that the record keeping is current.

Capital/Intangible Assets

Note 4 reflects the acquisition of capital/intangible assets during the audit year. GASB #34 requires that these assets be capitalized and depreciated or amortized over their useful lives on the government-wide financial statements.

Property Tax Administration Fees

As permitted by statute, an administration fee of 1% was levied on all 2006 property taxes. Fees collected may be used only to offset such property tax administration costs as assessing, collecting, and the review and appeal process. As reflected on Schedule 8, costs exceed fees collected by \$3,936 for the year. The accumulated excess of costs over amounts collected is \$6,927 at March 31, 2007.

Insurance and Surety Bond Coverage

Records reflect that the Township is insured through Municipal Underwriters of Michigan and has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, and Supervisor have surety bond coverage.

Payroll Procedures

Payroll procedures and filing of payroll tax returns were handled in a proper manner by the Township Clerk.

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Comments and Recommendations

Other Data

We noted the use of an interest bearing money market account and the purchase of certificates of deposit during the audit year. This practice resulted in earned interest of nearly \$90,000 for the audit year. We commend the Treasurer and other Board members for the practices and policies which resulted in this additional revenue.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Torch Lake Township
Antrim County
Eastport, Michigan 49627

We have audited the accompanying financial statements of the governmental activities and each major fund of Torch Lake Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Torch Lake Township at March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by Government Accounting Standards Board Statement 34. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Torch Lake Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Tobin & Co., P.C.
TOBIN & CO., P.C.
Certified Public Accountants
September 13, 2007

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TORCH LAKE TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Administrative Officials of the Torch Lake Township, Antrim County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Torch Lake Township for the fiscal year ended March 31, 2007.

Financial Highlights

The assets of Torch Lake Township exceeded its liabilities at the close of the most recent fiscal year by \$3,561,550. Of this amount, \$2,105,045 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$2,134,580, an increase of \$341,317 in comparison with the prior year of the total amount, \$2,072,062 is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$724,035, or 236% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Torch Lake Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, and Township Improvements. Torch Lake Township does not have any business-type activities (examples would include water and sewer, golf courses, etc.).

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Torch Lake Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Torch Lake Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Torch Lake Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and EMS Fund, which are considered to be major funds. All Township government activities are included in these seven funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$724,035. Unreserved fund balance represents 236% of total general fund expenditures for the year.

The fund balance of the Township's general fund increased by \$86,709 during the current fiscal year.

Differences between the original budget and the final amended budget were minimal. No increase or decrease in appropriations of the total budget was made during the year. The total dollars spent in general fund activities was \$580,750 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy to this is the dedicated effort to plan for the future. Since the fiscal year of 1998-1999 the administration, through the general fund, has been able to place over \$275,000 into the Buildings Reserve Capital Improvement account. This money will serve as one source of funds for the Public Safety Building that will service the Township governmental functions, including the Fire and EMS departments as well.

Analysis of Balances and Transaction of the Other Township Funds

The Ambulance Special Assessment District Fund (EMS) is maintained by a special assessment district millage that allows a maximum annual debt retirement millage of 10 mills and an unlimited operations millage annually. These funds can only be used in conjunction with our Emergency Medical Service (EMS) Department operations. At the end of the current fiscal year, the total fund balance was \$351,375. This fund increased by \$67,666 over the previous fiscal year's fund balance.

Over the past eight years we have earmarked over \$65,000 for Ambulance Vehicles Capital Outlay for scheduled vehicle replacements. At the same time, starting with the 2004/2005 fiscal year, we have earmarked over \$35,000 for Buildings Capital Improvement Outlay for the above mentioned proposed building facility that will include EMS operations.

The Fire Special Assessment District Fund is maintained by a special assessment district millage that allows a maximum debt retirement annual millage of 10 mills and an unlimited operations millage annually. These funds can only be used in conjunction with our Fire Department operations. At the end of the current fiscal year, the total fund balance was \$915,584. This fund increased by \$178,970 over the previous fiscal year's fund balance.

Over the past eight years we have earmarked over \$141,000 for Fire Vehicles Capital Outlay for scheduled vehicle replacements. Additionally we have budgeted over \$375,000 for Buildings Capital Improvement Outlay for the above mentioned building facility that will include our main Fire Department operations.

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Condensed Financial Information

Net Assets

	Governmental and Total Activities	
	<u>3/31/07</u>	<u>3/31/06</u>
Current Assets	\$ 2,188,724	\$ 1,870,731
Capital Assets	1,393,987	1,393,987
Other Long-term Assets	<u>0</u>	<u>0</u>
Total Assets	3,582,711	3,255,475
Current Liabilities	0	0
Long-term Debt	16,088	31,632
Other Long-term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	16,088	31,632
Net Assets:		
Investment in Capital and Intangible Assets	1,393,987	1,384,744
Restricted	62,518	59,185
Unrestricted	<u>2,105,045</u>	<u>1,750,316</u>
Total Net Assets	\$ 3,561,550	\$ 3,194,245

Activities

	Governmental and Total Activities	
	<u>3/31/07</u>	<u>3/31/06</u>
Program Revenues:		
Charges for Services	\$ 54,243	\$ 58,120
Operating Grants	0	0
General Revenues:		
Property Taxes	699,628	653,804
State Shared Revenues	82,970	85,763
Other	<u>103,907</u>	<u>72,131</u>
Total Revenues	940,748	869,818
Expenses:		
Legislative	49,013	47,867
General Government	137,474	156,843
Public Safety	340,831	354,562
Public Works	17,259	13,575
Recreation and Cultural	15,222	18,140
Other	<u>13,661</u>	<u>1,640</u>
Total Expenses	<u>573,443</u>	<u>592,627</u>
Change in Net Assets	\$ 367,305	\$ 277,191

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounts to \$1,393,987. This investment in capital assets includes: several parcels of land, Township Hall, Fire and Rescue Barns, Fire and Rescue Trucks and Equipment, and Office Furniture

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and Equipment. All of our government funds report capital outlays as expenditures. However, the cost of the assets is allocated over their useful life. This fiscal year the amount by which capital outlays exceeded depreciation was \$36,802.

Cash Assets

At the end of the current fiscal year, the Township had \$2,121,604 in cash and investments. Of this amount, \$1,812,392 (85%) was held in Money Market Funds and certificates of deposit and was earning interest; the remainder is held in the Township's checking account. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had installment debt outstanding of \$16,088. This was incurred in connection with the acquisition of a fire tanker.

Pension Plan

Township employees have the option of having the Township pay Social Security taxes or to join our pension plan. The Township makes contributions equal to 6 percent of each employee's wage and employees contribute an additional 10 percent to Municipal Retirement Systems, Inc. This is an expensed item in the budget and totaled \$5,187 for the fiscal year. The Township also provides health insurance for full-time EMS personnel.

Currently Known Facts, Decisions, or Conditions

The Township is constructing a Public Safety Building with the cost not to exceed \$1,900,000. Approximately \$1,000,000 of the total will be financed by a bank. In addition, the Township will be purchasing a new fire truck and a new ambulance costing approximately \$290,000 and \$120,000, respectively. It is anticipated that \$260,000 of the fire truck cost and \$108,000 of the ambulance cost will be financed.

Requests for Information

This financial report is designed to provide a general overview of Torch Lake Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Robert Spencer, Supervisor, Torch Lake Township, P. O. Box 713, Eastport, MI 49627 (231-599-2036).

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Torch Lake Township Statement of Net Assets March 31, 2007

Governmental Activities And Total

Assets

Cash and Cash Equivalents		\$ 309,212
Investments		1,812,392
Accounts Receivables		37,139
Taxes Receivable		29,981
Capital Assets:		
Land	\$ 1,022,421	
Other Capital Assets, Net of Depreciation	<u>371,566</u>	<u>1,393,987</u>
Total Assets		<u>3,582,711</u>

Liabilities

Accounts Payable and Accrued Expenses		5,073
Long-term Liabilities:		
Due Within One Year		16,088
Due in More Than One Year		<u>0</u>
Total Liabilities		<u>21,161</u>

Net Assets

Invested in Capital and Intangible Assets, Net of Related Debt		1,393,987
Restricted for:		
Cemetery Perpetual Care		62,518
Unrestricted		<u>2,105,045</u>
Total Net Assets		<u>\$ 3,561,550</u>

See Accompanying Notes to Basic Financial Statements

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Torch Lake Township Statement of Activities March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities and Total</u>
Governmental Activities:				
Legislative	\$ 49,013	\$ -	\$ -	\$ (49,013)
General Government	137,474	24,117	-	(113,357)
Public Safety	340,831	30,126	-	(310,705)
Public Works	17,259	-	-	(17,259)
Recreation and Cultural	15,222	-	-	(15,222)
Other	12,537	-	-	(12,537)
Interest on Long-Term Debt	<u>1,107</u>	<u>-</u>	<u>-</u>	<u>(1,107)</u>
Total Governmental Activities	<u>\$ 573,443</u>	<u>\$ 54,243</u>	<u>\$ -</u>	<u>(519,200)</u>

General Revenues:	
Property Taxes	699,628
Grants and Contributions Not Restricted to Specific Programs	82,970
Unrestricted Investment Earnings	89,313
Miscellaneous	<u>14,594</u>
Total General Revenues	886,505
Change in Net Assets	367,305
Net Assets – Beginning	<u>3,194,245</u>
Net Assets – Ending	<u>\$ 3,561,550</u>

See Accompanying Notes to Basic Financial Statements

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Torch Lake Township Balance Sheet Governmental Funds March 31, 2007

	<u>General</u>	<u>Fire</u>	<u>EMS</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 21,581	\$ 200,000	\$ 57,631	\$ 30,000	\$ 309,212
Investments	702,817	715,584	280,405	113,586	1,812,392
Accounts Receivable	22,117	-	15,022	-	37,139
Taxes Receivable -- Current	<u>10,289</u>	<u>8,752</u>	<u>10,940</u>	<u>-</u>	<u>29,981</u>
Total Assets	<u>\$ 756,804</u>	<u>\$ 924,336</u>	<u>\$ 363,998</u>	<u>\$ 143,586</u>	<u>\$ 2,188,724</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Wages, Pension, and Payroll Taxes	\$ 3,390	\$ -	\$ 1,683	\$ -	\$ 5,073
Deferred Revenue	<u>29,379</u>	<u>8,752</u>	<u>10,940</u>	<u>-</u>	<u>49,071</u>
Total Liabilities	<u>32,769</u>	<u>8,752</u>	<u>12,623</u>	<u>-</u>	<u>54,144</u>
Fund Balances:					
Reserved					
Unreserved	<u>724,035</u>	<u>915,584</u>	<u>351,375</u>	<u>143,586</u>	<u>2,134,580</u>
Total Fund Balances	<u>724,035</u>	<u>915,584</u>	<u>351,375</u>	<u>143,586</u>	<u>2,134,580</u>
Total Liabilities and Fund Balances	<u>\$ 756,804</u>	<u>\$ 924,336</u>	<u>\$ 363,998</u>	<u>\$ 143,586</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds.					1,393,987
Property taxes receivable and accounts receivable are not deferred in the statement of net assets.					49,071
Long-term liabilities do not use current financial resources, and therefore, are not reported in the funds.					<u>(16,088)</u>
Net assets of governmental activities.					<u>\$ 3,561,550</u>

See Accompanying Notes to Basic Financial Statements

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Torch Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2007

	General	Fire	EMS	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 243,278	\$ 193,743	\$ 242,171	\$ 28	\$ 679,220
Licenses and Permits	5,161	-	-	-	5,161
State Grants	80,671	-	-	2,299	82,970
Charges for Services	24,117	-	30,126	-	54,243
Interest and Rents	37,940	37,171	10,977	4,745	90,833
Other	2,760	3,248	985	920	7,913
Total	<u>393,927</u>	<u>234,162</u>	<u>284,259</u>	<u>7,992</u>	<u>920,340</u>
<u>Expenditures</u>					
Legislative	49,013	-	-	-	49,013
General Government	126,229	-	-	-	126,229
Public Safety	30,346	35,479	210,963	20	276,808
Public Works	17,259	-	-	-	17,259
Recreation and Cultural	15,222	-	-	-	15,222
Other	12,537	-	-	-	12,537
Capital Outlay	56,612	3,062	5,630	-	65,304
Debt Service	-	16,651	-	-	16,651
Total	<u>307,218</u>	<u>55,192</u>	<u>216,593</u>	<u>20</u>	<u>579,023</u>
<u>Excess Revenues (Expenditures) and Net Change in Fund Balances</u>	86,709	178,970	67,666	7,972	341,317
Fund Balance – Beginning of Year	<u>637,326</u>	<u>736,614</u>	<u>283,709</u>	<u>135,614</u>	<u>1,793,263</u>
Fund Balance – End of Year	<u>\$ 724,035</u>	<u>\$ 915,584</u>	<u>\$ 351,375</u>	<u>\$ 143,586</u>	<u>\$ 2,134,580</u>

See Accompanying Notes to Basic Financial Statements

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Torch Lake Township Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Activities For the Year Ended March 31, 2007

Net change in fund balances – total governmental funds	\$ 341,317
Governmental funds defer property tax revenues received more than 60 days after the year end as unavailable financial resources for the financial statements. In the statement of activities these are not deferred.	20,408
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital assets and costs of intangible assets exceeded depreciation and amortization in the current period.	5,036
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayment during the period.	<u>5,44</u>
Changes in net assets of governmental activities	<u>\$ 367,305</u>

See Accompanying Notes to Basic Financial Statements

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Torch Lake Township
Statement of Fiduciary Net Assets
March 31, 2007

Assets	<u>Agency Funds</u>
Cash and Investments	<u>\$ 158</u>
Total Assets	<u>158</u>
Liabilities	
Undistributed Taxes and Interest	<u>158</u>
Total Liabilities	<u>158</u>
Net Assets	<u><u>\$ -</u></u>

See Accompanying Notes to Basic Financial Statements

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Torch Lake Township Notes to Financial Statements March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Torch Lake Township is a general law township located in Antrim County. Population as of the 2000 census was 1,159, and the current state equalized value and the taxable value for taxable property is \$356,129,400 and \$195,814,500, respectively.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Funds – These funds are used to account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

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Torch Lake Township
Notes to Financial Statements
March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

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Torch Lake Township Notes to Financial Statements March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 – 20 years
Buildings and Improvements	25 – 40 years
Vehicles	5 – 10 years
Machinery and Equipment	5 – 10 years
Furniture and Equipment	3 – 10 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$356,129,400	\$195,814,500	.9555
Fire Protection	\$356,129,400	\$194,368,100	1.0000
Ambulance Service	\$356,129,400	\$194,368,100	1.2500

G. Investments

At March 31, 2007, the Township had investments with a carrying value of \$1,812,392. Township officials have been assured that the investments are legal for local units of government in Michigan.

H. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fiduciary Fund Type and Non-expendable Trust Funds consider all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2007.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2007, no cost center exceeded its expenditure budget.

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Torch Lake Township Notes to Financial Statements March 31, 2007

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$2,137,417 deposited with local financial institutions at March 31, 2007 with a carrying value of \$2,121,602. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$1,379,787 of uninsured deposits at March 31, 2007.

NOTE 4 - CAPITAL/INTANGIBLE ASSETS

	<u>3/31/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/07</u>
Governmental Activities:				
Land and Improvements	\$ 1,022,421	\$ -	\$ -	\$ 1,022,421
Construction in Progress	-	51,915	-	51,915
Buildings and Improvements	283,220	-	-	283,220
Machinery and Equipment	136,018	6,844	-	142,862
Office Furniture and Equipment	30,269	-	-	30,269
Vehicles and Equipment	<u>346,145</u>	<u>1,848</u>	<u>-</u>	<u>347,993</u>
Total	1,818,073	60,607	-	1,818,073
Less Accumulated Depreciation	<u>(433,329)</u>	<u>(55,571)</u>	<u>-</u>	<u>(48,890)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,384,744</u>	<u>\$ (5,036)</u>	<u>\$ -</u>	<u>\$ 1,389,780</u>

Tobin & Co.

Torch Lake Township Notes to Financial Statements March 31, 2007

NOTE 4 - CAPITAL/INTANGIBLE ASSETS (Continued)

	<u>3/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/06</u>
Intangible Assets:				
Roads	\$ 45,413	\$ -	\$ -	\$ 45,413
Less Accumulated Amortization	<u>(1,135)</u>	<u>(2,271)</u>	<u>-</u>	<u>(3,406)</u>
Intangible Assets, Net	<u>\$ 44,278</u>	<u>\$ (2,271)</u>	<u>\$ -</u>	<u>\$ 4,207</u>

NOTE 5 - LONG-TERM DEBT

During the year ended March 31, 2003, the Township issued an installment contract in connection with the purchase of a fire tanker body. The vendor then sold the contract to a bank. Terms of the installment contract are as follows:

Amount of contract	\$ 75,179
Annual payments including interest at 3 1/4%	\$ 16,650
Scheduled Payments	
	<u>Principal</u> <u>Interest</u>
February 25, 2008	\$ 16,088 \$ 563
	<u>\$ 16,088</u> <u>\$ 563</u>

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

There were no inter-fund loans, advances or transfers during the audit year.

NOTE 7 - INVENTORIES

Torch Lake Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 8 - RETIREMENT PLAN

The Township participates in a defined contribution pension plan for Michigan Township employees through Municipal Retirement Systems, Inc. Listed below is a summary of the significant plan provisions adopted by Board resolution in July 1991:

A. Eligibility Requirements

1. Attained age of 18 and not more than 75.
2. No minimum service requirement.
3. All elected officials and full-time and part-time employees.

B. Contributions

1. 16% of annual compensation is funded annually -- 6% by the Township and 10% by employees.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 38% of required annual contribution.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at age 65.

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Torch Lake Township Notes to Financial Statements March 31, 2007

NOTE 8 - RETIREMENT PLAN (Continued)

D. Plan Administration

1. The plan is administered by the Township Clerk. During the year ended March 31, 2007, the total Township contribution for the plan year, July 1, 2006 to June 30, 2007 was \$6,461. Covered payroll for the year was \$86,455 with total payroll of \$255,904 for all employees. The plan was funded at the required contribution amount.

NOTE 9 - ACCOUNTS/TAXES RECEIVABLE

Delinquent taxes receivable of \$10,289 in the General Fund and \$19,692 in the Special Revenue Funds, represent 2006 real property tax and property tax administration fees returned delinquent to the County Treasurer for collection as of March 1, 2007. Revenue recognition is deferred until taxes are collected, as the above amounts are not available for expenditures or obligations of the audit year. Accounts receivable represent outstanding charges for services rendered by the Ambulance Service. The revenues are recognized at the time the services are billed which approximates the date of service.

NOTE 10 - PROPERTY TAX ADMINISTRATION FEES

As permitted by statute, the Township levied a 1% administration fee on all 2006 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. Fee collections exceeded expenditures for the audit year by \$3,933, and at March 31, 2007 accumulated expenditures exceeded fee collections by \$6,927.

NOTE 11 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2007.

NOTE 12- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 13- COMPENSATED ABSENCES

The Township provides EMS employees with paid vacation and paid personal/sick days. Paid vacation days accrue beginning at one-half day per month to a maximum of one day per month with a maximum of ten days per calendar year. Personal/sick days accrue at the rate of one day per month to a maximum of ten days per calendar year. At March 31, 2007, a total of \$4,482 of vacation and personal/sick days had accrued.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Torch Lake Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2007

Schedule 1
Page 1

Revenues	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current Taxes	\$ 181,000	\$ 181,000	\$ 179,077	\$ (1,923)
Delinquent Taxes	8,023	8,023	8,112	89
Penalties and Interest on Taxes	200	200	890	690
Property Tax Administration Fees	50,000	50,000	55,199	5,199
Licenses and Permits:				
Permits	2,300	2,300	5,161	2,861
State Grants:				
State Shared Revenues	77,000	77,000	79,080	2,080
Metro Act	1,800	1,800	1,591	(209)
Charges for Services:				
Cemetery Lots	4,000	4,000	3,680	(320)
Tax Collection Fees	6,800	6,800	6,872	72
Other	10,500	10,500	13,565	3,065
Interest and Rents:				
Interest	7,500	7,500	36,420	28,920
Rents	1,500	1,500	1,520	20
Other:				
Miscellaneous	300	300	2,760	2,460
Total Revenues	350,923	350,923	393,927	43,004
Expenditures				
Legislative:				
Township Board:				
Salaries and Wages	-	-	5,500	-
Legal	-	-	18,801	-
Audit	-	-	5,137	-
Assoc.	-	-	2,080	-
Telephone	-	-	1,917	-
Travel	-	-	28	-
Printing	-	-	4,127	-
Repairs and Maintenance	-	-	873	-
Supplies	-	-	4,669	-
Dues and Subscriptions	-	-	2,948	-
Education	-	-	145	-
Miscellaneous	-	-	2,788	-
Total	53,388	53,388	49,013	4,375
Total Legislative	53,388	53,388	49,013	4,375
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	12,105	-
Dues	-	-	20	-
Travel	-	-	298	-
Education	-	-	269	-
Total	17,720	17,720	12,692	5,028

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Elections:				
Salaries and Wages	-	-	3,116	-
Supplies	-	-	1,570	-
Printing and Publishing	-	-	1,642	-
Travel	-	-	84	-
Miscellaneous	-	-	346	-
Total	<u>6,780</u>	<u>6,780</u>	<u>6,758</u>	<u>22</u>
Assessor:				
Supplies	-	-	806	-
Contracted Services	-	-	25,315	-
Total	<u>33,125</u>	<u>33,125</u>	<u>26,121</u>	<u>7,004</u>
Clerk:				
Salaries and Wages	-	-	15,525	-
Contracted Services	-	-	970	-
Dues	-	-	95	-
Education and Travel	-	-	1,396	-
Total	<u>21,050</u>	<u>21,050</u>	<u>17,986</u>	<u>3,064</u>
Board of Review:				
Salaries and Wages	-	-	200	-
Printing and Publishing	-	-	410	-
Other	-	-	219	-
Total	<u>1,640</u>	<u>1,640</u>	<u>829</u>	<u>811</u>
Treasurer:				
Salaries and Wages	-	-	16,790	-
Supplies	-	-	4,700	-
Contractual Services	-	-	1,706	-
Education and Travel	-	-	1,270	-
Total	<u>27,700</u>	<u>27,700</u>	<u>24,466</u>	<u>3,234</u>
Township Hall and Grounds:				
Salaries and Wages	-	-	1,098	-
Supplies	-	-	1,013	-
Snow Removal and Lawn Care	-	-	1,179	-
Public Utilities	-	-	5,466	-
Maintenance and Repairs	-	-	25,466	-
Total	<u>41,292</u>	<u>41,292</u>	<u>34,222</u>	<u>7,070</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Toreh Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 3

	Budgetary Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures (Continued)				
General Government (Continued):				
Cemetery:				
Salaries and Wages	-	-	2,338	-
Supplies	-	-	462	-
Public Utilities	-	-	119	-
Maintenance and Repairs	-	-	236	-
Total	<u>7,550</u>	<u>7,550</u>	<u>3,155</u>	<u>4,395</u>
Total General Government	<u>156,857</u>	<u>156,857</u>	<u>126,229</u>	<u>30,628</u>
Public Safety:				
Planning:				
Salaries and Wages	-	-	6,709	-
Dues and Subscriptions	-	-	191	-
Contracted Services	-	-	8,359	-
Supplies	-	-	1,297	-
Printing	-	-	985	-
Education, Travel, and Miscellaneous	-	-	1,062	-
Total	<u>18,850</u>	<u>18,850</u>	<u>18,603</u>	<u>247</u>
Zoning:				
Salaries and Wages	-	-	10,168	-
Dues and Subscriptions	-	-	324	-
Supplies	-	-	183	-
Printing	-	-	428	-
Education, Travel, and Miscellaneous	-	-	365	-
Total	<u>17,262</u>	<u>17,262</u>	<u>11,468</u>	<u>5,794</u>
Police:				
Salaries and Wages	-	-	26	-
Utilities	-	-	240	-
Travel	-	-	9	-
Total	<u>2,200</u>	<u>2,200</u>	<u>275</u>	<u>1,925</u>
Total Public Safety	<u>38,312</u>	<u>38,312</u>	<u>30,346</u>	<u>7,966</u>
Public Works:				
Roads	38,247	38,247	1,048	37,199
Street Lights	2,400	2,400	1,933	467
Recycling	<u>14,300</u>	<u>14,300</u>	<u>14,278</u>	<u>22</u>
Total Public Works	<u>54,947</u>	<u>54,947</u>	<u>17,259</u>	<u>37,688</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2007

Schedule 1
Page 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Recreation and Culture:				
Day Park:				
Salaries and Wages	-	-	5,096	-
Supplies	-	-	527	-
Utilities	-	-	427	-
Maintenance and Repairs	-	-	3,177	-
Other	-	-	460	-
Total	<u>13,260</u>	<u>13,260</u>	<u>9,687</u>	<u>3,573</u>
Public Access	<u>4,700</u>	<u>4,700</u>	<u>2,035</u>	<u>2,665</u>
Library:				
Contracted Services	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total Recreation and Culture	<u>21,460</u>	<u>21,460</u>	<u>15,222</u>	<u>6,238</u>
Other:				
Insurance	7,000	7,000	6,041	959
Social Security and Medicare	3,000	3,000	2,775	225
Pension	<u>5,500</u>	<u>5,500</u>	<u>3,721</u>	<u>1,779</u>
Total Other	<u>15,500</u>	<u>15,500</u>	<u>12,537</u>	<u>2,963</u>
Capital Outlay	<u>504,500</u>	<u>504,500</u>	<u>56,612</u>	<u>447,888</u>
Total Expenditures	<u>844,964</u>	<u>844,964</u>	<u>307,218</u>	<u>537,746</u>
Excess Revenues (Expenditures)	(1) <u>\$ (494,041)</u>	<u>\$ (494,041)</u>	86,709	<u>\$ 580,750</u>
Fund Balance – Beginning of Year			<u>637,326</u>	
Fund Balance – End of Year			<u>\$ 724,035</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Fire Fund
For the Year Ended March 31, 2007

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 186,600	\$ 186,600	\$ 185,471	\$ (1,129)
Delinquent Taxes	8,272	8,272	8,272	-
Interest and Rents:				
Earned Interest	7,000	7,000	37,171	30,171
Miscellaneous	-	-	3,248	3,248
Total	<u>201,872</u>	<u>201,872</u>	<u>234,162</u>	<u>32,290</u>
<u>Expenditures</u>				
Salaries and Wages	46,429	46,429	9,905	36,524
Pension Plan and Social Security	1,000	1,000	326	674
Medical Testing	1,500	1,500	-	1,500
Pension	1,200	1,200	545	655
Office Supplies	300	300	30	270
Supplies	3,300	3,300	2,007	1,293
Gas	2,500	2,500	1,257	1,243
Professional Fees	1,900	1,900	395	1,505
Dues and Subscriptions	500	500	335	165
Telephone	1,200	1,200	1,187	13
Insurance	6,000	6,000	4,964	1,036
Public Utilities	8,700	8,700	4,230	4,470
Maintenance and Repairs	7,500	7,500	7,698	(198)
Training, Travel, and Miscellaneous	6,300	6,300	2,600	3,700
Capital Outlay:				
Land	470,000	470,000	-	470,000
Equipment	241,000	241,000	3,062	237,938
Principal on Debt	15,018	15,018	15,544	(526)
Interest	<u>1,633</u>	<u>1,633</u>	<u>1,107</u>	<u>526</u>
Total	<u>815,980</u>	<u>815,980</u>	<u>55,192</u>	<u>760,788</u>
Excess Revenues (Expenditures)	(1) <u>\$ (614,108)</u>	<u>\$ (614,108)</u>	178,970	<u>\$ 793,078</u>
Fund Balance – Beginning of Year			<u>736,614</u>	
Fund Balance – End of Year			<u>\$ 915,584</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
EMS Fund
For the Year Ended March 31, 2007

Schedule 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 233,500	\$ 233,500	\$ 231,830	\$ (1,670)
Delinquent Taxes	10,340	10,340	10,341	1
Charges for Services:				
Run Fees	25,000	25,000	30,126	5,126
Interest and Rents:				
Interest	3,000	3,000	10,977	7,977
Other:				
Miscellaneous	-	-	985	985
Total Revenues	<u>271,840</u>	<u>271,840</u>	<u>284,259</u>	<u>12,419</u>
<u>Expenditures</u>				
Salaries and Wages	168,272	168,272	147,595	20,677
Pension Plan and Social Security	11,200	11,200	11,797	(597)
Medical Testing	500	500	25	475
Certification	250	250	25	225
Pension	1,100	1,100	920	180
Health Insurance	13,000	13,000	16,694	(3,694)
Office Supplies	500	500	271	229
Supplies	7,500	7,500	5,108	2,392
Gas	2,500	2,500	1,793	707
Professional Fees	250	250	171	79
Dues and Subscriptions	225	225	20	205
Telephone	1,700	1,700	991	709
Insurance	15,000	15,000	14,455	545
Public Utilities	4,000	4,000	2,597	1,403
Maintenance and Repairs	5,300	5,300	3,765	1,535
Training, Travel, and Miscellaneous	9,500	9,500	4,736	4,764
Capital Outlay:				
Land	105,000	105,000	-	105,000
Equipment	80,200	80,200	5,630	74,570
Total Expenditures	<u>425,997</u>	<u>425,997</u>	<u>216,593</u>	<u>209,404</u>
Excess Revenues (Expenditures)	(1) <u>\$ (154,157)</u>	<u>\$ (154,157)</u>	67,666	<u>\$ 221,823</u>
Fund Balance -- Beginning of Year			<u>283,709</u>	
Fund Balance -- End of Year			<u>\$ 351,375</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2007

Schedule 4

<u>Assets</u>	<u>Special Revenues</u>			<u>Permanent Fund</u>	<u>Total</u>
	<u>Liquor Law Enforcement</u>	<u>Road Improvement</u>	<u>Park and Recreation</u>	<u>Perpetual Care</u>	
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
Investments	<u>15,536</u>	<u>43,063</u>	<u>22,469</u>	<u>32,518</u>	<u>113,586</u>
Total Assets	<u>\$ 15,536</u>	<u>\$ 43,063</u>	<u>\$ 22,469</u>	<u>\$ 62,518</u>	<u>\$ 143,586</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-	-
Fund Equity:					
Fund Balance – Unreserved	<u>15,536</u>	<u>43,063</u>	<u>22,469</u>	<u>62,518</u>	<u>143,586</u>
Total	<u>15,536</u>	<u>43,063</u>	<u>22,469</u>	<u>62,518</u>	<u>143,586</u>
Total Liabilities and Fund Balance	<u>\$ 15,536</u>	<u>\$ 43,063</u>	<u>\$ 22,469</u>	<u>\$ 62,518</u>	<u>\$ 143,586</u>

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
March 31, 2007

Schedule 5

<u>Revenues</u>	<u>Special Revenues</u>			<u>Permanent Fund</u>	<u>Total</u>
	<u>Liquor Law Enforcement</u>	<u>Road Improvement</u>	<u>Park and Recreation</u>	<u>Perpetual Care</u>	
Taxes	\$ -	\$ 28	\$ -	\$ -	\$ 28
State Grants	2,299	-	-	-	2,299
Interest Earned	-	1,532	800	2,413	4,745
Other	-	-	-	920	920
Total	<u>2,299</u>	<u>1,560</u>	<u>800</u>	<u>3,333</u>	<u>7,992</u>
<u>Expenditures</u>					
Public Safety	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Total	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
<u>Excess Revenues (Expenditures)</u>	<u>2,279</u>	<u>1,560</u>	<u>800</u>	<u>3,333</u>	<u>7,972</u>
Fund Balance – Beginning of Year	<u>13,257</u>	<u>41,503</u>	<u>21,669</u>	<u>59,185</u>	<u>135,614</u>
Fund Balance – End of Year	<u>\$ 15,536</u>	<u>\$ 43,063</u>	<u>\$ 22,469</u>	<u>\$ 62,518</u>	<u>\$ 143,586</u>

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended March 31, 2007

Schedule 6

	Balance 3/31/05	Additions	Deductions	Balance 3/31/06
<u>Assets</u>				
Cash	\$ 107	\$ 5,772,623	\$ 5,772,572	\$ 158
Total Assets	\$ 107	\$ 5,772,623	\$ 5,772,572	\$ 158
<u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 107	\$ 5,772,623	\$ 5,772,572	\$ 158
Total Liabilities	\$ 107	\$ 5,772,623	\$ 5,772,572	\$ 158

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township 2006 Property Tax Levy and Collections For the Year Ended March 31, 2007

Schedule 7

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	5.2014	\$ 1,017,298	\$ 986,482	\$ 30,816
County MB OP	0.6937	135,667	129,572	6,095
County Tax-COA	0.3852	75,329	71,945	3,384
School District Tax				
Central Lake	19.7500	915,267	872,997	42,270
Elk Rapids	20.3600	1,400,267	1,349,885	50,382
Intermediate School District				
TBA	2.9421	345,248	336,348	8,900
Char-Emmet	2.7513	215,237	203,954	11,283
State Education	6.0000	1,173,505	1,146,805	26,700
Township Taxes				
- General	0.9555	186,872	178,476	8,396
- Special Assessment -- Ambulance	1.2500	242,724	231,784	10,940
- Special Assessment -- Fire	1.0000	194,177	185,425	8,752
- Property Tax Administration Fee		54,900	53,007	1,893
District Library	0.3500	27,378	25,943	1,435
Total		<u>\$ 5,983,869</u>	<u>\$ 5,772,623</u>	<u>\$ 211,246</u>
Percent of Levy Collected	96.47%			
State Equalized Value		\$356,129,400		
Taxable Value		\$195,814,500		

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Torch Lake Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Fees
For the Year Ended March 31, 2007

Schedule 8

Revenues

Property Tax Administration Fees	\$ 55,199
Total Revenues	<u>55,199</u>

Expenditures

Assessor (100%)	26,121
Board of Review (100%)	829
Treasurer – (75% of salary plus Deputy salary)	12,458
Supervisor (15%)	1,808
Clerk (5%)	675
Contract Services	1,706
Travel	242
Education	711
Postage and Supplies	4,700
Insurance, Utilities and Use of Building	<u>2,013</u>
Total	<u>51,263</u>
Excess Revenues (Expenditures)	3,936
Excess Revenues (Expenditures) – Prior Years	<u>(10,863)</u>
Accumulated Excess Revenues (Expenditures)	<u>\$ (6,927)</u>

The Notes to the Financial Statements are an integral part of this statement.